

THE INSURANCE CODE OF 1956 (EXCERPT)
Act 218 of 1956

500.830 Life insurance policies and annuity and pure endowment contracts; annual valuation of reserves; limitation; certification; valuation fee; applicability of subsection (2); adopting lower standard of valuation; valuation of business of foreign cooperative or assessment insurer; reserves.

Sec. 830. (1) The commissioner shall annually value, or cause to be valued, the reserve liabilities, hereinafter called reserves, for all outstanding life insurance policies and annuity and pure endowment contracts of every life insurer doing business in this state, except that for an alien insurer, the valuation shall be limited to its United States' business, and may certify the amount of the reserves, specifying the mortality table or tables, rate or rates of interest, and methods, net level premium method or other, used in the calculation of the reserves. In calculating the reserves, the commissioner may use group methods and approximate averages for fractions of a year or otherwise. In lieu of the valuation of the reserves required in this section of any foreign or alien insurer, the commissioner may accept any valuation made, or caused to be made, by the insurance supervisory official of any state or other jurisdiction, if the valuation complies with the minimum standard provided in this section, and if the official of that state or jurisdiction accepts as sufficient and valid for all legal purposes the certificate of valuation of the commissioner, which certificate states the valuation to have been made in a specified manner according to which the aggregate reserves would be at least as large as if they had been computed in the manner prescribed by the law of that state or jurisdiction.

(2) Except as otherwise provided in this subsection, the insurer shall pay to the commissioner, as compensation for the valuation, 1 cent for each thousand dollars insured, under policies insuring residents of these United States, or issued by an insurer organized under the laws of this state. For annual valuations on or after January 1, 1988, the valuation fee imposed under this section shall not apply to contracts of reinsurance. A valuation fee under this subsection shall not apply to an annual valuation of a domestic insurer on or after January 1, 1988. For annual valuations for the 1994 calendar year, the valuation fee imposed under this subsection for alien insurers shall be .67 cent for each thousand dollars insured. On and after January 1, 1995, the valuation fee imposed under this subsection shall not apply to alien insurers.

(3) An insurer that at any time shall have adopted any standard of valuation producing greater aggregate reserves than those calculated according to the minimum standard provided in this section may, with the approval of the commissioner, adopt any lower standard of valuation, but not lower than the minimum provided in this section.

(4) Every foreign cooperative or assessment insurer shall have its business valued and shall maintain reserves in accordance with the standards currently required of domestic insurers transacting similar insurance by this act.

History: 1956, Act 218, Eff. Jan. 1, 1957;—Am. 1961, Act 226, Eff. Sept. 8, 1961;—Am. 1987, Act 261, Imd. Eff. Dec. 28, 1987;—Am. 1992, Act 2, Imd. Eff. Jan. 31, 1992;—Am. 1994, Act 228, Imd. Eff. June 30, 1994.

Popular name: Act 218